

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7531

BILL NUMBER: SB 331

NOTE PREPARED: Feb 21, 2003

BILL AMENDED: Feb 17, 2003

SUBJECT: Medicaid Lien Recovery.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. Welch

BILL STATUS: As Passed - Senate

FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

X

Summary of Legislation: (Amended) This bill removes a provision that prohibits the Office of Medicaid Policy and Planning from: (1) obtaining a lien against a person lawfully residing in the home of a Medicaid recipient who provides care to the recipient in the home; and (2) enforcing a lien if the Medicaid recipient is survived by a family member. The bill automatically terminates a lien if the Office does not commence foreclosure within seven years after the Medicaid recipient's death.

The bill also removes the lien exemption. The bill repeals the portion of the Medicaid law that provides for subordination of the lien to the security interest of a financial institution that lends money for certain purposes; however, it provides that a Medicaid lien is subordinate to the security interest of a financial institution that loans money to be used as operating capital for the operation of a farm, a business, or as income producing real property. It also adds a provision that details when a Medicaid lien is void.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) This bill would expand the available situations under which the Office of Medicaid Policy and Planning (OMPP) may obtain a lien on the real property of a Medicaid recipient who is institutionalized and unlikely to return to live in the home.

OMPP estimates the fiscal impact of the elimination of the \$125,000 lien exemption on the real estate assets of recipients to be \$2.7 M (\$1 M in state funds).

Medicaid reported last year that the average value of real estate owned by institutionalized recipients with no spouse at home was approximately \$52,000.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning.

Local Agencies Affected: County Recorders.

Information Sources: Donna Sembroski, Family and Social Services Administration, Office of General Counsel, (317) 232-1282.

Fiscal Analyst: Kathy Norris, 317-234-1360